

No. BKGI-2403-001

Date March 19, 2024

RE Management Discussion and Analysis (MD&A) for the year 2023

To Managing Director,  
The Stock Exchange of Thailand

Bangkok Genomics Innovation Public Company Limited (BKGI or the company) would like to report operating results for the year 2023 which the Company reported of Baht 32.14 million baht. The main reasons are as follows:

Unit : million baht

Statements of Comprehensive Income	2022		2023		Change	
	Amount	%	Amount	%	Amount	%
Revenue from sales	13.95	4.36	4.01	1.62	(9.94)	(71.25)
Revenue from services	290.83	90.86	241.38	97.59	(49.45)	(17.00)
Other income	15.29	4.78	1.95	0.79	(13.34)	(87.25)
<b>Total Revenues</b>	<b>320.07</b>	<b>100.00</b>	<b>247.34</b>	<b>100.00</b>	<b>(72.73)</b>	<b>(22.72)</b>
Cost of sales	(9.01)	(2.81)	(3.74)	(1.51)	(5.27)	(58.49)
Cost of services	(138.25)	(43.19)	(125.55)	(50.76)	(12.7)	(9.19)
Selling expenses	(30.12)	(9.41)	(28.25)	(11.42)	(1.87)	(6.21)
Administrative expenses	(62.96)	(19.67)	(56.22)	(22.73)	(6.74)	(10.71)
<b>Total expenses</b>	<b>(240.33)</b>	<b>(75.09)</b>	<b>(213.76)</b>	<b>(86.42)</b>	<b>(26.57)</b>	<b>(11.06)</b>
<b>Profit from operating activities</b>	<b>79.73</b>	<b>24.91</b>	<b>33.58</b>	<b>13.58</b>	<b>(46.15)</b>	<b>(57.88)</b>
Finance costs	(1.07)	(0.34)	(1.64)	(0.66)	0.57	53.27
<b>Profit before income tax</b>	<b>78.66</b>	<b>24.58</b>	<b>31.94</b>	<b>12.92</b>	<b>(46.72)</b>	<b>(59.39)</b>
Income tax revenues (expense)	(3.54)	(1.11)	0.20	0.08	3.74	(105.65)
<b>Profit for the year</b>	<b>75.11</b>	<b>23.47</b>	<b>32.14</b>	<b>13.00</b>	<b>(42.97)</b>	<b>(57.21)</b>

### Revenue by product type

Unit : million baht

Revenue by product type	2022		2023		Change	
	Amount	%	Amount	%	Amount	%
Revenue from services						
Reproductive health services	164.82	51.49	207.11	83.73	42.29	25.66
Infectious disease services	119.72	37.41	22.81	9.22	(96.91)	(80.95)
Other screening test services	0.34	0.11	1.86	0.76	1.52	447.06
Tech-solution services	5.95	1.86	9.60	3.89	3.65	61.34
<b>Total revenue from services</b>	<b>290.83</b>	<b>90.86</b>	<b>241.38</b>	<b>97.59</b>	<b>(49.45)</b>	<b>(17.00)</b>
Sale others product	13.95	4.36	4.01	1.62	(9.94)	(71.25)
<b>Total sale</b>	<b>13.95</b>	<b>4.36</b>	<b>4.01</b>	<b>1.62</b>	<b>(9.94)</b>	<b>(71.25)</b>
<b>Total service and sale revenue</b>	<b>304.77</b>	<b>95.22</b>	<b>245.39</b>	<b>99.21</b>	<b>(59.38)</b>	<b>(19.48)</b>
Other income	15.29	4.78	1.95	0.79	(13.34)	(87.25)
<b>Total</b>	<b>320.07</b>	<b>100.00</b>	<b>247.34</b>	<b>100.00</b>	<b>(72.73)</b>	<b>(22.72)</b>

### Revenue from services

For the year 2023, the revenue from reproductive health services is 85.80 percent of revenue from services, while the revenue from infectious diseases service decreased to 9.45 percent of revenue from services. It is anticipated that revenue from infectious disease group analysis, particularly related to COVID-19, will significantly decline in the future. The revenue from each service category can be analyzed as follows:

#### 1.1 Reproductive health services

In 2023, the revenue from reproductive health amounted to 207.11 million baht or 85.80 percent of revenue from services which increased by 25.66 percent YoY mainly because the Company has increasingly marketed its services. As a result, such services are becoming increasingly well-known in the market, affecting the increased revenue from the previous year.

#### 1.2 Infectious disease services

In 2023, the revenue from infectious disease services amounted to 22.81 million baht or 9.45 percent of revenue from services which decreased by 80.95 percent YoY. This is because the situation of the outbreak of the COVID-19 pandemic around the world is continuously downward trend in infections.

#### 1.3 Other screening test services

In 2023, the revenue from other screening test services amounted to 1.86 million baht or 0.77 percent of revenue from services. In the previous year, there was no revenue from this service since the company

launched new products in Q3'2022 such as Personal Genome Testing service (DNALL) and colorectal cancer screening (COLOTECT).

#### 1.4 Tech-solution services

In 2023, the revenue from tech-solution services amounted to 9.60 million baht or 3.98 percent of revenue from services. An increase of 3.65 million baht from the previous year, representing a growth rate of 61.34 percent due to the attributed to the easing of the COVID-19 situation, leading various institutions to ramp up research activities.

### **Revenue from sales**

---

In 2023, the company generated revenue from sales of 4.01 million baht, a decrease of 71.25 percent from the previous year. This decline was because in 2022, the company had revenue from selling products related to COVID-19, and in 2023, the situation regarding the pandemic eased, leading to a significant reduction in revenue from this sector.

### **Other income**

---

In 2023, the company had other revenues totaling 1.95 million baht, mainly from interest income and profit from changes in the lease agreement.

### Cost and Gross Profit from revenue from services

Unit : million baht

List	2022		2023		Change	
	Amount	%	Amount	%	Amount	%
Revenue from service	290.83	100.00	241.38	100.00	(49.45)	(17.00)
Cost of service	138.25	47.54	125.55	52.01	(12.70)	(9.19)
<b>Gross profit and gross service margin (%)</b>	<b>152.57</b>	<b>52.46</b>	<b>115.83</b>	<b>47.99</b>	<b>(36.74)</b>	<b>(24.08)</b>

For the year 2023, the company had service costs of 125.55 million baht and gross profit of 115.83 million baht or gross profit margin of 47.99 percent that decrease from the previous year (52.46 percent) due to the decrease in revenue from providing infectious disease services, particularly COVID-19, which had a high gross profit margin. This decrease amounted to a percentage decrease of 80.95 percent. In the year 2023, the proportion of reagent costs in service costs was 46.46 percent, and the proportion of operational staff expenses was 11.60 percent, with the remaining portion comprising other service costs, such as laboratory equipment and depreciation expenses for laboratory equipment.

### Cost and Gross Profit from Sales

For the year 2023, the company had cost of sale of 3.74 million and gross profit of 0.27 million or gross profit margin of 6.73 percent, which is less than the gross profit margin of the previous year because In 2022, the company had income from COVID-19 reagent which has a high gross profit margin, while in 2023 it will be the sale of COVID-19 reagent which are close to expiration, therefore have a low gross profit margin.

Unit : million baht

List	2022		2023		Change	
	Amount	%	Amount	%	Amount	%
Revenue from sales	13.95	100.00	4.01	100.00	(9.94)	(71.25)
Cost of sales	9.01	64.57	3.74	93.27	(5.27)	(58.49)
<b>Gross profit and gross service margin (%)</b>	<b>4.94</b>	<b>35.43</b>	<b>0.27</b>	<b>6.73</b>	<b>(4.67)</b>	<b>(94.53)</b>

---

## Selling expenses

---

For the year 2023, the company has selling expenses amounted to 28.25 million baht or 11.42 percent of the sales and services revenue. This was a slight decrease from 2022 due to the agency fee for COVID-19 testing services and reproductive health services, which decreased significantly, accounting for 13.56 percent of sales and service expenses. This reduction was primarily because the company ceased offering agency fees for COVID-19 testing and altered its policy for acquiring and serving users for reproductive health services, hiring sales staff with fundamental scientific and medical knowledge to increase their role in acquiring users for genetic screening services. Consequently, personnel expenses increased to 61.91 percent of sales and service expenses. Additionally, sales and service expenses included marketing expenses, with the company spending more on advertising and marketing, increasing from 2.58 million baht in 2022 to 3.78 million baht in 2023, representing 4.24 percent of sales and service expenses, an increase from the previous year's continuous marketing efforts.

---

## Administrative expenses

---

In 2023, the company's administration expenses amounted to 56.22 million, 22.73 percent of total revenue. Mainly administration expenses include personnel expenses, accounting for 49.80 percent of administration expenses, and property expenses, accounting for 4.51 percent of administration expenses. Administration expenses decreased by 10.79 percent compared to the previous year due to a reduction in administrative staff following the easing of the COVID-19 situation in 2023 and the decrease in expenses related to preparations for IPO.

---

## Financial expenses

---

In 2023, the company had financial costs amounting to 1.64 million baht, representing 0.66 percent of total revenue. This increased by 53.27% compared to the previous year. The increase was attributed to an increase in interest expenses resulting from an increase in lease liabilities. This increase in lease liabilities occurred as the company entered into additional lease agreements during the period.

---

## Net Profit (Loss)

---

In 2023, the company had a net profit of 32.14 million, representing a net profit margin of 13.00 percent, a decrease from the previous year's net profit of 75.11 million, with a net profit margin of 23.47 percent. This decline is due to the decrease in total revenue in 2023 compared to the previous year by 22.72 percent. Additionally, there was a reduction in both sales and service, as mentioned earlier, while sales and service expenses decreased slightly. These factors led to a decrease in the net profit margin from 23.47 percent to 13.00 percent.

**Statement of financial position**

Statement of financial position	31.12.2023		31.12.2022		Change	
	Amount	%	Amount	%	Amount	%
Current Asset	210.39	70.00	212.08	72.38	1.69	0.80
Non-Current Asset	90.19	30.00	80.94	27.62	(9.25)	(10.26)
Total Asset	300.58	100.00	293.02	100.00	(7.56)	(2.52)
Current Liabilities	23.94	7.96	35.56	12.14	11.62	48.54
Non-Current Liabilities	28.96	9.63	21.64	7.38	(7.32)	(25.28)
Total Liabilities	52.90	17.60	57.20	19.52	4.30	8.13
Total Equity	247.68	82.40	235.82	80.48	(11.86)	(4.79)

As of 31 December 2022 and 2023, the Company had total assets equal to 300.58 million baht and 293.02 million baht, respectively, a decrease from the same period last year of 7.56 million baht or 2.52 percent, decreasing from depreciation expenses.

As of 31 December 2022 and 2023, the Company had total liabilities equal to 52.90 million baht and 57.20 million baht, respectively, which increased by 4.30 million baht or 8.13 percent, mainly from trade payables and other payables, mostly suppliers and distributors of products purchased by the company for use in providing services. In addition, during the second quarter of 2023, the company launched a campaign package for screening services for non-invasive prenatal tests, resulting in the company having revenue received in advance. As a result, by the end of 2023, the company received advance payments for services totaling 9.32 million baht.

As of 31 December 2022 and 2023, the company's shareholders' equity is equal to 235.82 million baht and 247.68 million baht respectively, decreasing by 11.86 million baht or 4.79 percent from 2022, as the company generated a net profit of 32.14 million baht while paying dividends to shareholders totaling 44.00 million baht.

### Financial ratios

Financial ratios	Unit	2022	2023
Liquidity ratio	(times)	8.79	5.96
Debt to equity ratio	(times)	0.21	0.24

#### Liquidity ratio

At the end of 2023, the company's liquidity ratio decreased to 5.96 times from the previous year. Mainly from the company has increased the trade payables and other payables.

#### Debt to equity ratio

As of 31 December 2023, the debt-to-equity ratio increased to 0.24 times. The reason is the company's liabilities increased from 52.90 million baht to 57.20 million baht due to an increase in current liabilities in terms of trade payables and other payables. Meanwhile, shareholders' equity decreased slightly from 247.68 million baht to 235.82 million baht compared to 2022. Although the company has a net profit from operations of 32.14 million baht, the company has paid dividends to the company's shareholders in the amount of 44.00 million baht.